DEPARTMENT OF JUSTICE

VICTIMS' FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2000

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Victims' Fund as at March 31, 2000 and the statements of operations and accumulated surplus (deficit), cash flows and tangible capital assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
September 6, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2000	1999 (Restated)
Financial assets:		
Due from General Revenue Fund (Note 6)	$ 210,188	$ 77,724
Accounts receivable (Note 7)	588,087	885,672
Due from Public Trustee (Note 8)	3,446,721	3,595,545
Total financial assets	4,244,996	4,558,941
Liabilities:		
Accounts payable	74,013	26,362
Employee leave entitlement	6,762	4,804
Deferred revenue (Note 9)	153,707	—
Total liabilities	234,482	31,166
Accumulated surplus (Statement 2)	$ 4,010,514	$ 4,527,775
Accumulated surplus represented by:		
Accumulated operating results	$ 4,013,477	$ 4,541,475
Less tangible capital assets (Statement 4)	(2,963)	(13,700)
	$ 4,010,514	$ 4,527,775

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)
For the Year Ended March 31

	2000		1999
	Budget (Note 10)	Actual	Actual (Restated)
Revenue:			
Surcharge revenue	$ 2,000,000	$ 1,976,709	$ 2,335,492
Investment income (Note 8)	380,000	376,176	437,456
Other	5,000	24,414	17,399
Total revenue	2,385,000	2,377,299	2,790,347
Expenses:			
Administration costs	351,000	406,089	397,664
Crisis intervention services	1,453,000	1,612,447	1,116,918
Court based programs	234,000	190,393	191,457
Compensation payments	300,000	370,728	305,162
Restitution program	135,000	108,833	127,775
Research and education	205,000	190,408	267,562
Special projects	159,000	26,399	154,454
Total expenses (Schedule 1)	$ 2,837,000	$ 2,905,297	$ 2,560,992
Operating results	(452,000)	(527,998)	229,355
Net decrease in tangible capital assets	---	10,737	8,937
(Deficit) surplus for the year	$ (452,000)	(517,261)	238,292
Accumulated surplus, beginning of year		4,527,775	4,289,483
Accumulated surplus, end of year (Statement 1)		$ 4,010,514	$ 4,527,775

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2000	1999 (Restated)
Cash flows from operating activities:		
(Deficit) surplus for the year	$ (517,261)	$ 238,292
Changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable	297,585	(343,017)
Decrease in due from Public Trustee	148,824	112,544
Increase in accounts payable	47,651	19,198
Increase (decrease) in employee leave entitlement	1,958	(372)
Increase in deferred revenue	153,707	---
Increase (decrease) in cash for the year	132,464	26,645
Due from General Revenue Fund, beginning of year	77,724	51,079
Due from General Revenue Fund, end of year	$ 210,188	$ 77,724

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended March 31

	2000	1999
	Equipment	
Opening costs	$ 59,137	$ 55,583
Additions during the year	2,631	3,554
Disposals	—	—
Closing cost	61,768	59,137
Opening accumulated amortization	45,437	32,946
Annual amortization	13,368	12,491
Disposals	—	—
Closing accumulated amortization	58,805	45,437
Net book value of tangible capital assets	$ 2,963	$ 13,700

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act* as amended April 1, 1992, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the Criminal Code. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; to conduct research and to distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

2. Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting principles.

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

i) Surcharge revenue

Surcharge revenue represents provincial and federal fine surcharges collected by the Department of Justice in accordance with *The Victims of Crime Act, 1995* and the Criminal Code. The Department of Justice is responsible for collecting the surcharges on behalf of the Fund. Surcharges are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ii) Proceeds of crime funding

Proceeds of crime funding from the Federal Government is recognized as revenue in the year the related expenses are incurred due to restrictions imposed by the Federal Government (see Note 9).

c) Expenses

Expenses represent the cost of resources consumed during the year for operations. Expenses include provision for the amortization of tangible capital assets.

d) Tangible Capital Assets

Tangible capital assets acquired before March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over five years. Tangible capital assets acquired after March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over three years.

e) Net Decrease (Increase) in Tangible Capital Assets

The net decrease (increase) in tangible capital assets represents adjustments required to report the surplus (deficit) for the year on an expenditure basis.

3. Change in Accounting Policy

Recently the Public Sector Accounting Board (PSAB) provided guidance on accounting policies and financial statement presentation for public sector organizations. Effective April 1, 1999, the Fund adopted the PSAB recommendations.

As a result, the fund changed its accounting policy for the recording of tangible capital assets. The Fund now records the net increase in tangible capital assets as an adjustment to report the surplus for the year on an expenditure basis.

This change in accounting policy has been applied retroactively and the 1999 financial statements have been restated. The effect of this accounting policy change is that the tangible capital assets are no longer reported on the statement of financial position. As a result, assets decreased by $2,963 (1999 - $13,700), accumulated surplus decreased by $2,963 (1999 - $13,700), and surplus for the year increased by $10,737 (1999 - $8,937).

4. Financial Instruments

The Fund has the following financial instruments: due from General Revenue Fund, accounts receivable, due from Public Trustee and accounts payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates.

The Fund's receivables and payables are non-interest bearing. Due to the short-term nature of these, interest rate risk is minimal.

As market interest rates fluctuate the market value of fixed income investments moves in the opposite direction. This risk may affect the price the Public Trustee can sell the Fund's investments for prior to maturity.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund, accounts receivable or due from Public Trustee.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fines which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fines which will be collected, based on past experience.

The Fund's due from Public Trustee consists of government and government guaranteed bonds, corporate bonds, and shares in Canadian and foreign companies. Credit risk is minimal for government and government guaranteed bonds. Credit risk for corporate bonds is related to investees' abilities to redeem their bonds upon maturity. The Fund limits the credit risk by having Public Trustee invest their funds in securities considered to be high quality.

c) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable

The fair value of due from Public Trustee at March 31, 2000 is $3,446,721 (1999 - $3,595,545).

5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

The Fund received certain administrative services from the Departments of Justice and Finance without charge.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements.

6. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate for 1999/00 is 4.79% (1998/99 – 5.04%). Interest earned for the year was $14,777 (1999 - $9,247).

7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals and miscellaneous receivables. The balance at March 31 consists of:

	2000	1999
Surcharge receivable	$ 566,370	$ 757,840
Other Accounts Receivable	21,717	127,832
Total accounts receivable	$ 588,087	$ 885,672

8. Due from Public Trustee

The Fund invests a portion of its surplus funds with the Public Trustee for Saskatchewan The Public Trustee invests these monies, together with monies it administers for its other clients, in a common fund. Income earned in the common fund, and realized changes in market values of common fund investments, is allocated monthly to clients, including Victims' Fund. The unrealized change in market value of common fund investments is allocated equally over four years.

The Fund records amounts allocated to it by Public Trustee as income or loss and adjusts the carrying value of its investment by the same amount. Fair value approximates the carrying value of investments.

9. Proceeds of Crime

Under the federal *Seized Property Management Act* and the Forfeited Property Sharing Regulations the Federal Government receives monies from seizures by police during drug investigations and other illegal activities. Treasury Board approved the deposit of

the proceeds of crime into the Fund. The funds were deposited prior to March 31, 2000. On April 17, 2000 the Province entered into an agreement with the Federal Government that specifies the funds are to be used to support crime prevention, issues of substance abuse and law enforcement.

10. Budget

These amounts represent the budget approved by management. This budget was prepared using the Fund's previous accounting policies, and therefore the budgeted amount for net increase in tangible capital assets is not comparable to the current year's presentation.

11. Comparative Information

Certain 1998/99 figures have been reclassified to conform with the current year's presentation.

Schedule 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
SCHEDULE OF EXPENSE BY OBJECT
For the Year Ended March 31

	2000	1999
Expenses:		
Community grants	$ 1,669,567	$ 1,427,612
Salaries	579,083	603,434
Contractual services	134,559	74,521
Compensation awards	370,728	305,162
Administration	123,485	123,767
Victim/witness rooms/softrooms	10,000	4,933
Systems expenses	4,507	9,072
Amortization	13,368	12,491
	$ 2,905,297	$ 2,560,992